

degree in Information Systems from Brooklyn College, a B.S. in Economics from John Jay College of Criminal Justice, and I am a Certified Fraud Examiner (Association of Certified Fraud Examiners).

Relevant Individuals and Accounts

3. As part of my work on this matter, I analyzed Ladd's trading records in MGT Capital Investments, Inc. ("MGT") for the time period December 28, 2011 through June 18, 2018, with a special emphasis on certain time periods relevant to the allegations in the Second Amended Complaint filed in this action. In performing my analysis, I looked at the records of the brokerage accounts (produced by the broker/dealers pursuant to Commission subpoena) below:

Account Holder Name	Brokerage	Account Number
Laddcap Value Partners, III LLC ("Laddcap")	Barclays Capital Inc.	***4866
Robert B. Ladd (IRA) ("Ladd TDA IRA")	TD Ameritrade	*****2587
Robert B. Ladd ("Ladd TDA")	TD Ameritrade	*****4748
Robert B. Ladd ("Ladd E*Trade")	E*Trade	****8290
Seymour and Shirley Ladd ("Ladd Parents' TDA")	TD Ameritrade	*****9470

4. I also looked at all Form 4 filings made by Robert B. Ladd between October 9, 2015 and May 31, 2016. Appended hereto as Exhibit A are true and correct copies of the Forms 4 that Ladd filed on EDGAR, dated October 9, 2015, December 1, 2015 and May 31, 2016.

MGT Purchases and Sales Made by Ladd from August 20, 2015 through May 31, 2016

5. Appended hereto are true and correct copies of various account statements for the Ladd-associated accounts for different periods between August 1, 2015 and May 31, 2016:

Exhibit	Account	Time Period
Exhibit B	Ladd TDA	August 1, 2015-October 31, 2015
Exhibit C	Ladd TDA	November 1, 2015-December 31, 2015
Exhibit D	Ladd IRA TDA	August 1, 2015-August 31, 2015
Exhibit E	Ladd E*Trade	November 1, 2015-April 30, 2016
Exhibit F	Ladd E*Trade	May 1, 2016-May 31, 2016
Exhibit G	Laddcap Barclays	November 1, 2015-November 30, 2015
Exhibit H	Ladd Parents' TDA	May 1, 2016-May 31, 2016

Exhibit I	Ladd IRA TDA	May 1, 2016-May 31, 2016
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(a) Ladd's Trading in His Own Accounts

6. Between August 20 and October 2, 2015, Ladd made over 25 individual open-market MGT stock purchases in the Ladd TDA Account. (Ex. B.)¹

7. Between November 29, 2015 through May 17, 2016, Ladd made purchases and sales of MGT stock in the Ladd E*Trade Account on over 26 different trading days. (Exs. E; F.)

8. With respect to Ladd's sales of MGT stock out of the Ladd E*Trade account, between December 1, 2015 and May 17, 2016, Ladd sold a total of 697,424 MGT shares. (*See* Exs. E and F.) Ladd sold his last MGT share in that account on May 17, 2016. (Ex. F.) Between May 9, 2016 and May 12, 2016, Ladd sold a total of 435,000 MGT shares. (*Id.*) In the three months prior to May 9, 2016, Ladd sold 84,072 MGT shares. (Exs. E and F.)

9. With respect to Ladd's sales of MGT stock out of the Ladd IRA TDA Account, Ladd sold a total of 11,000 shares of MGT stock on May 31, 2016. (Ex. I.)

(b) Ladd's Trading in His Parents' Account in May 2016

10. On May 12, 2016, Ladd sold 340,000 MGT shares in the Ladd Parents' TDA Account. (Ex. H.) The gross proceeds from those sales totaled \$551,979.44.

11. Appended hereto as Exhibit J are true and correct copies of the account statements for the Ladd Parents' TDA Account for the period including June 2015 through April 2016. Between June through November 2015, Ladd acquired 382,863 MGT shares in the Ladd Parents' TDA

¹ Ladd transferred all of his MGT shares out of that account to his newly-opened E*Trade account on November 27, 2015 and December 10, 2015. (*See* Exs. C and E, reflecting the transfer out of the Ladd TDA Account of MGT stock in November and December 2015, and the transfer of those shares into the Ladd E*Trade Account, on November 27, 2015 and December 10, 2015.) Ladd similarly transferred Laddcap's 433,313 MGT shares from its Barclays' account to the Ladd E*Trade Account on November 27, 2015. (Exs. E and G.)

Account, (*id.*) for an average purchase price of \$0.35 per share. (*Id.* at [SEC-TDA-E-0000567].)

Ladd sold none of those shares prior to May 2016. (*Id.*)

12. The cost basis of the shares Ladd sold from the Ladd Parents' TDA Account was approximately \$119,000 (340,000 shares x \$0.35 average price per share), amounting to realized capital gains (pre-tax) of approximately \$432,979.44.

Ladd's False and Misleading Forms 4

13. Although Ladd had made over 25 individual open-market MGT stock purchases in the Ladd TDA Account between August 20 and October 2, 2015, (Ex. B), he filed no Forms 4 or 5 for those purchases (and did not otherwise publicly disclose them).

14. On October 9, 2015, Ladd filed a Form 4 reporting his October 7, 2015 receipt of 200,000 MGT shares. The Form 4 states that he received those shares "as partial compensation for the [sic] Mr. Ladd's services as President and Chief Executive Officer of [MGT]." (Ex. A, at 1.)

15. From November 29, 2015 to May 17, 2016, although Ladd made additional purchases and sales of MGT stock in the Ladd E*Trade Account on over 26 different trading days (Exs. E; F), Ladd filed a Form 4 (Ex. A, at 2) regarding only the first of those trades (reflecting a sale of 100,000 shares on November 30, 2015)², but he did not file a Form 4 or Form 5 for any of his purchases, and he did not otherwise publicly disclose them. (Ex. A (Form 4); (Bromberg Decl., Ex. F (Ladd Tr. 97:10-101:14).)

16. Nor did Ladd disclose any of his MGT sales from the Ladd E*Trade Account between December 1, 2015 and May 17, 2016. During that period, Ladd sold 697,424 shares, including the 435,000 MGT shares he sold in the Ladd E*Trade account between May 9 and May

² The Ladd E*Trade account statements for that period (Ex. E) actually reflect a sale of only 97,790 MGT shares, as Ladd admitted. (Bromberg Decl., Ex. F (Ladd Tr. 76:18-77:17).)

12, 2016. (Exs. E, F.)

Calculation of the Volume Limitations Applicable to Ladd's May 9-13, 2016 MGT Stock Sales

17. I analyzed the sales by Ladd during the week of May 9 to May 13, 2016 in both the Ladd E*Trade Account and the Ladd Parents' TDA Account. As part of that work, I analyzed the Rule 144 trading volume limitations that apply to MGT "affiliates," including Ladd as President and Chief Executive Officer of MGT. 17 C.F.R. § 230.144(e). In my analysis, I calculated what these applicable volume limits would be for Ladd during the week of May 9, 2016 and including his sales of MGT within the prior three months. *Id.* To comply with the volume limitations laid out in Rule 144, sales by an affiliate such as Ladd could not exceed the greater of: (1) 1% of MGT's outstanding common stock; or (2) MGT stock's average weekly trading volume for the four calendar weeks preceding such stock sales as described in 17 C.F.R. § 230.144(e)(1).

18. In order to calculate what 1% of MGT's outstanding common stock at the time was I searched for and found the public filing made by MGT closest in time to May 9th. The most recent filing made by MGT prior to May 9th was MGT's Form 10-K filed on April 14, 2016, which stated that as of April 13, 2016, MGT had outstanding 18,098,221 shares of common stock. Appended hereto as Exhibit K is a true and correct copy of MGT's 2015 Form 10-K. Accordingly, 1% of that number is 180,982.21 shares.

19. I also calculated what the four-week average trading volume for MGT shares was preceding May 9, 2016— from April 11, 2016 through May 6, 2016— by looking at historical trade data. Appended hereto as Exhibit L is a true and correct copy of a chart of historical stock price and volume data obtained from OTC Markets, and showing the average weekly volume of MGT trading for that period. The average trading volume for that four week period was 392,109 shares.

20. I then calculated how many shares Ladd sold between May 9 and 13, 2016 looking at

the shares he sold in the Ladd E*Trade Account from May 9-May 12, 2016. (Ex. F.) I also determined the shares he had previously sold in that account between February 12 and May 6, 2016 (the three months prior) (Exs. E; F.) Finally, I looked at the shares Ladd sold in the Ladd Parents' TDA Account. (Ex. H.)

21. From May 9 to May 12, 2016, Ladd sold a total of 435,000 shares of MGT stock in the Ladd E*Trade account for gross proceeds of \$414,448.39. (Ex. F.)

22. From February 12 through May 6, 2016, Ladd sold a total of 84,072 MGT shares in the Ladd E*Trade Account for gross proceeds of \$25,018.66. (Ex. E, F.)

23. On May 12, 2016, Ladd sold a total of 340,000 MGT shares in the Ladd Parents' TDA Account for gross proceeds of \$551,979.44. (Ex. H.)

24. In the Ladd E*Trade Account, Ladd exceeded the volume limitation through total sales of his stock during the week of May 9, 2016 and over the prior three months by 126,963 MGT shares. Adding in the shares he sold in the Ladd Parents' TDA Account, he exceeded the volume limitation by 466,963 shares.

Ladd's Acquisition of MGT Stock Between June 16, 2015 and October 7, 2015 Exceeded 1% of MGT's Outstanding Common Stock

25. Appended hereto as Exhibit M is a true and correct copy of a Form 4 filed by Ladd on June 18, 2015, in which he disclosed that he made purchases of 10,603 shares of MGT stock between June 16 and 17, 2015, and indicated that his direct ownership of MGT shares immediately prior, or as of June 15, 2015, was 163,000 shares. He also reported that he indirectly owned 622,471 MGT shares through his control of Laddcap. (*Id.*)

26. Appended hereto as Exhibit N is a true and correct copy of MGT's May 15, 2015 Form 10-Q in which it disclosed that as of May 14, 2015, it had 14,042,246 shares of common stock outstanding. Ladd's beneficial ownership of MGT stock, according to his June 18, 2015 Form 4

(Ex. M) and the outstanding share number MGT reported as of May 14, 2015, was 5.67%.

27. On his October 9, 2015 Form 4 (Ex. A, at 1), Ladd disclosed that he had acquired 200,000 MGT shares in partial compensation from the company on October 7, 2015.

28. From August 20, 2015 to October 2, 2015, Ladd bought 181,401 MGT shares in his Ladd TDA Account, although he reported none of those purchases in any Form 4 he filed. (Ex. B.)

29. Between August 27 and August 28, 2015, Ladd bought 9,897 MGT shares in his Ladd IRA TDA Account, although he reported none of those purchases in any Form 4 he filed. (Ex. D.)

30. Appended hereto as Exhibit O is a true and correct copy of the Form S-1 MGT filed on November 6, 2015. In that filing, MGT reported total outstanding shares of common stock of 17,199,665 as of November 4, 2015. (*Id.* at 1.)

31. As of October 2, 2015, Ladd owned 564,901 MGT shares directly, and together with the shares held by Laddcap, he beneficially owned 1,187,372 shares, or 6.9% of MGT's outstanding shares of common stock (using the total outstanding share number MGT reported as of November 4, 2015).

Date	Shares Reported	Shares Acquired	Running Total of Shares Beneficially Owned under Section 13(d)	Percentage of Shares Outstanding
June 15, 2015	785,471 (Ex. M)		785,471	5.59%
June 16-June 17, 2015		10,603 (Ex. M)	796,074	5.67%
June 18, 2015	796,074 (Ex. M)			
August 20-October 2, 2015		191,298 (Exs. B, D)	987,372	
October 7, 2015		200,000 (Ex. A, at 1)	1,187,372	6.9%

October 9, 2015	996,074 (Ex. A, at 1)			
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32. Ladd's ownership of MGT stock as a percentage of MGT's total outstanding shares increased by more than 1% between June 18, 2015 and October 7, 2015.

33. Appended hereto as Exhibit P is a true and correct copy of the January 10, 2012 Schedule 13D/A that Ladd filed with the Commission in which he reported owning over 30% of MGT's outstanding common stock. A review of the EDGAR database reflects that Ladd filed no additional Schedule 13D amendments through May 31, 2016.

Relevant Movements in MGT's Stock Price

34. I have reviewed historical price and volume data for MGT's common stock for various periods, retrieved from OTC Markets. OTC Markets provides opening price, intraday high and low prices, closing price and volume for each trading day during a selected period.

35. The historical market data I reviewed for MGT's market price and volume during 2013 shows that MGT's share price jumped from nearly \$3.50 on April 10, 2013 to \$4.50 on April 16, 2013, and there was a significant volume increase in trading between the two periods. A true and correct copy of the price and volume data that I obtained from OTC Markets and reflecting the activity for 2013 is appended hereto as Exhibit Q.

36. The OTC Markets historical data I reviewed for MGT's recorded price and trading volume for 2016 shows that after the close of the trading day on February 3, 2016, MGT's stock's daily trading volume saw a 7,000 percent increase from its prior day's volume, and an intraday price increase of over 60 percent. (Ex. L.)

37. Also as reflected in Exhibit L, on May 6, 2016 (which was the last trading day prior to May 9, 2016), trading volume in MGT common stock was 71,005 shares, and that day's closing price was approximately \$0.36. On May 9, 2016, Exhibit L reflects that MGT's stock closed at

\$0.49 (representing an increase of 34 percent over the prior day's close) with trading volume of more than 10 million shares. On May 12, the MGT stock price closed at \$1.52, a 317% increase over the May 6th price.

38. I have also reviewed the 2018 OTC Markets historical price and trading volume data for MGT through September of that year. Appended hereto as Exhibit R is a true and correct copy of that data. MGT's closing price on September 6, 2018 was \$0.59. On September 7, 2018, the day the Commission filed its first complaint in this action, the closing price dropped 25% to \$0.44. (Ex. R.)

Aggregated Holdings of Honig with His Co-Investors

39. I have reviewed both the November 30, 2012 Form S-3 (Brown Decl., Ex. A) and the November 6, 2015 Form S-1 filed by MGT. (Ex. O.)

40. Had MGT properly aggregated the holdings of Honig, Groussman and Stetson in its November 30, 2012 Form S-3, it would have reported that the group held 923,534 shares, or 12.86% of MGT's outstanding common stock.

41. Had MGT properly aggregated the holdings of Honig, Brauser, Groussman, Stetson and O'Rourke in its November 6, 2015, Form S-1, it would have reported that the group held 2,633,611, or 15.3% of MGT's outstanding common stock.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on January 19, 2023
New York, New York



Ricky Tong